

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE BEREA	)	CASE NO.
COLLEGE ELECTRIC UTILITY DEPARTMENT	)	2003-00010

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered this 17<sup>th</sup> day of September, 2003, by and among BEREA COLLEGE ELECTRIC UTILITY DEPARTMENT ("Berea"), JOSHUA BILLS ("the Intervenor") and STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") ("collectively referred to as "Parties")

WITNESSETH:

THAT WHEREAS, on March 21, 2003, Berea applied to the Public Service Commission for authority to adjust its base rates to produce additional annual revenues in the amount of \$430,812.00; and

WHEREAS, one individual sought and was granted intervention in this proceeding and he is a party to this Settlement Agreement; and

WHEREAS, Berea, the Intervenor and Commission Staff attended an informal conference on August 5, 2003 at which they discussed Berea's application and reached an agreement on all issues raised therein.

NOW THEREFORE, be it resolved that:

1. The Parties mutually agree that all outstanding issues raised in this proceeding shall be resolved by this Settlement Agreement.

*adm*  
*PES*  
*JB*

2. Upon acceptance of this Settlement Agreement by the Public Service Commission, Berea shall be authorized to adjust its rates to produce additional annual operating revenues of \$336,000, which approximates an 8.5 percent return on rate base. The rates set forth in the Appendix to this Settlement Agreement will produce this level of revenue. The new rates will be effective for service rendered on and after September 30, 2003.

3. Berea shall be authorized to increase its pole attachment rates to reflect in the calculation of its annual carrying charge the 8.5 percent rate of return on rate base agreed to herein.

4. The Parties agree that the minimum monthly charge for residential and small commercial customers for Net Metering Service shall be the same as their respective minimum monthly charge for general electric service.

5. The Parties agree that Berea shall be allowed to charge an inspection fee for inspection of the Net Metering connections in an amount equal to actual cost, but in no event greater than \$50 per connection.

6. Berea agrees to modify the language in its proposed net metering tariff to reflect the fact that the tariff is for a period of 3 years, and not that the service under net metering is on a trial basis.

7. Berea agrees to delete the word "program" used in the context of the net metering tariff.

8. The Parties agree that Berea shall, beginning with the first statements to its customers under this agreement, use a flat rate structure rather than the declining block rate structure it currently utilizes.

Adm  
CEP  
JB

9. Berea agrees that it will, as of July 1, 2004, begin a transition to compliance with the Electric Plant Instructions contained in the Uniform System of Accounts established by the Federal Energy Regulatory Commission to record and capitalize its construction costs. This transition is to be completed by December 31, 2004 and Berea agrees to be fully compliant with the Electric Plant Instructions beginning on January 1, 2005.

10. The Parties acknowledge that historically Berea has used a 50 percent allocation factor for shared expenses between the electric and water utilities, but agree that the allocation should be changed so that on a going forward basis 55 percent of the expenses are allocated to electric and 45 percent of the shared expenses are allocated to water.

11. Berea agrees to monitor the allocation of shared expenses described above and to adjust the allocation every 5 years, if necessary, or if there is a change that is greater than one percent.

12. Berea agrees to withdraw its proposal to change the usage requirements for determining availability of service for Rate Classes 2, 3, 4, 5 and 6.

13. This Agreement is subject to the acceptance of and approval by the Commission.

14. Commission Staff shall recommend to the Commission that this Settlement Agreement be accepted and approved.

15. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of the Settlement

Actm  
Res  
JB

Agreement nor any matters raised during settlement negotiations shall be binding on any of the signatories.

16. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, neither Berea nor the Intervenor shall apply for a rehearing in this matter nor bring legal action for judicial review of that Order.

BEREA COLLEGE ELECTRIC  
UTILITY DEPARTMENT

BY: Ronald E. Smith  
TITLE: Vice President for Finance  
DATE: 9/17/03

INTERVENOR

Joshua Bills  
JOSHUA BILLS  
DATE: 9/17/03

STAFF OF THE PUBLIC SERVICE  
COMMISSION OF KENTUCKY

BY: Christa A. Mitchell  
TITLE: Staff Attorney  
DATE: 9/19/03

asm  
RES  
JB

## APPENDIX

### Residential Service - Class 1

Service Charge	\$ 5.90
All kWh	\$ .0522

### Small Commercial - Class 2

Service Charge	\$ 10.00
All kWh	\$ .0589

### Large Commercial - Class 3

Service Charge	\$ 7.00
kW Demand	\$ 2.73
All kWh	\$ .0485

### Industrial - Class 4

Service Charge	\$ 939.00
kW Demand	\$ 6.47
All kWh	\$ .0364

### Industrial - Class 5

Service Charge	\$ 900.00
kW Demand	\$ 6.00
All kWh	\$ .0352

### Industrial - Class 6

kW Demand	\$ 6.18
All kWh	\$ .0348

### Street Lighting - Class 7

175W MV Standard	\$ 6.28
175W MV Existing Pole	\$ 5.32
400W MV Existing Pole	\$ 8.62
100W HPS Standard	\$ 4.63
100W HPS Existing Pole	\$ 4.12
250W HPS Standard	\$ 9.11
250WHPS Existing Pole	\$ 8.49

Acton  
Kear  
JB

Private Lighting – Class 8

175W MV Standard	\$ 6.28
175W MV Existing Pole	\$ 5.32
400W MV Existing Pole	\$ 8.62
70W MV Standard	\$ 3.51
70W HPS Existing Pole	\$ 3.00
100W HPS Standard	\$ 4.40
100W HPS Existing Pole	\$ 3.89
250W HPS Standard	\$ 9.11
250W HPS Existing Pole	\$ 8.49

QAM  
RCS  
JB